Montgomery Confident Moving into Third Quarter

ABCI Montgomery remained confident with an ABCI of 62.4 moving into the third quarter of 2017. Even after a 1.2-point decrease, the index remained high, building on the metro area’s two previous ABCIs that were also above 60. Mobile continued to stay very confident about growth in all of the survey components even though the indexes all decreased except Capital Expenditures.

The majority of Montgomery businesses feel that sales in the upcoming quarter will increase, and as a result, the sales index remained high at 61.2. While 65.5 percent anticipate heightened sales, 13.8 percent are expecting a continuation of the previous quarter’s levels, and 20.7 percent forecast a decrease in sales in Q3 2017.

Expectations for profits also continued to be confident, with a small 1.8-point decrease to 60.3. Only 20.7 percent of Montgomery’s respondents anticipate a decrease in profits in the next quarter. A 65.5-percent majority expect an increase in profits in the third quarter, and, like sales, 13.8 percent forecast steady profits.

Job creation should maintain its growth in the upcoming quarter, with the index at 58.6 after decreasing 3.3 points from Q2 2017. About 48.3 percent of Montgomery businesses foresee an increase in hiring, while 41.4 percent expect to hire at the same pace, and 10.3 percent expect hiring to slow.

The capital expenditures index increased 1.6 points to 60.3 in the third quarter of 2017. Slightly more than 55 percent of panelists expect spending levels to increase, and 27.6 percent anticipate spending to continue at the second quarter’s pace. The remaining 17.2 percent forecast a decrease in capital expenditures in coming quarter.

Montgomery Metro Area:
Business Environment Expectations
Q3 2017 compared to Q2 2017

Montgomery business executives continue to be confident about business conditions: the area’s Alabama Economic Outlook remained optimistic at 65.5 after a 0.8-point decrease from the previous quarter. Just under 70 percent of panelists expect a better Alabama economic outlook in Q3 2017, 20.7 percent expect no change, and 10.3 percent expect a worse statewide economy.

The National Economic Outlook for Montgomery leveled off at 68.1 for the third quarter of 2017, after decreasing 1.5 points. Over three-fourths of area business leaders are optimistic about national economy conditions, with 75.9 percent expecting slightly better or much better conditions than Q2 2017. Only 10.3 percent of area panelists expect worse conditions, and 13.8 percent expect no change from last quarter.

### Alabama Business Confidence Index

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Index above 50 indicates positive outlook as compared to last quarter. Index below 50 indicates negative outlook as compared to last quarter. Gray increase from previous quarter. Red decrease from previous quarter. Blue no change.

### National Economic Outlook

- Better: 75.9%
- No Change: 13.8%
- Worse: 10.3%

### Alabama Economic Outlook

- Better: 69.0%
- No Change: 20.7%
- Worse: 10.3%
Montgomery Metro Area: Industry Performance Expectations
Q3 2017 compared to Q2 2017

Sales

- Increase: 65.5%
- No Change: 13.8%
- Decrease: 20.7%

Profits

- Increase: 65.5%
- No Change: 13.8%
- Decrease: 20.7%

Hiring

- Increase: 48.3%
- No Change: 41.4%
- Decrease: 10.3%

Capital Expenditures

- Better: 55.2%
- No Change: 27.6%
- Worse: 17.2%

ABCi Montgomery in Context

Montgomery business confidence only decreased 1.2 points to reach 62.4, indicating an overall strongly positive business sentiment. The third quarter ABCi Montgomery is 0.8 points above the statewide ABCi, though both remained high. This is the 18th consecutive quarter that Montgomery business executives have predicted positive growth in the economy, and the third consecutive quarter that the index has been above 60.

Business sentiment in Alabama’s four largest metro areas remained positive in the third quarter of 2017. Montgomery is forecasting growth with the most confidence with an area index of 62.4, with Huntsville following closely at 62.3. Mobile’s business community also remains optimistic with an area ABCi of 61.9. Birmingham-Hoover’s ABCi saw the biggest drop, with a 6.4-point decrease to put their index at 59.1, but all metro areas continue to expect growth in the coming quarter.

For more details on the Alabama Business Confidence Index™, visit cber.cba.ua.edu/ABCI.

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